



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

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DIRECTOR

**OFFICIAL**  
**Policy Issuance (PI): 20-26**

**Date:** September 30, 2020

**To:** Michigan Works! Agency (MWA) Directors

**From:** Krista Johnson, Division Administrator **SIGNED**  
Talent Development Division  
Workforce Development

**Subject:** The Workforce Innovation and Opportunity Act (WIOA) Program Year (PY) 2020 Infrastructure Funding Agreements (IFAs) Payment Procedures for the Department of Labor and Economic Opportunity-Workforce Development (LEO-WD) Jobs for Veterans State Grants (JVSGs), Migrant Seasonal Farm Workers (MSFW), Michigan Rehabilitation Services (MRS) and Unemployment Compensation (UC) Programs

**Programs Affected:** The JVSG, MSFW, MRS and UC programs funded through the LEO-WD

**References:** The WIOA of 2014, Public Law 113-128

The WIOA Final Regulations as Published in the Federal Register on August 19, 2016

United States Department of Labor (USDOL) Training and Employment Guidance Letter (TEGL) 16-16, issued January 18, 2017

PI 17-12 Change 2, issued November 27, 2019, or any policy that replaces PI 17-12 Change 2

PI 19-38, issued December 30, 2019

PI 20-10, issued May 8, 2020

PI 19-30, issued October 25, 2019

PI 11-37 Change 2, issued May 11, 2015, or any policy that replaces PI 11-37 Change 2

**Rescissions:** None

**Background:** The WIOA, which supersedes the Workforce Investment Act of 1998, supports the development of strong, vibrant regional economies where businesses thrive, and people want to live and work. This workforce system will be characterized by three critical hallmarks of excellence:

- 1) The needs of business and workers drive workforce solutions.
- 2) One-Stop centers provide excellent customer service to workers, job seekers and employers, and focus on continuous improvement.
- 3) The workforce system supports strong regional economies and plays an active role in community, economic, and workforce development.

The WIOA requires local boards, with the agreement of the Chief Elected Official, to develop and execute Memorandums of Understanding (MOUs) with One-Stop partners concerning the operation of the One-Stop delivery system in the local service delivery area. In accordance with the WIOA at Section 121(c) and the WIOA Final Regulations at 678.500, the MOUs must also include an IFA, which details how infrastructure costs for the One-Stop delivery system will be funded in the local area. The IFAs must adhere to the provisions outlined by the WIOA at Section 121(h) and the WIOA Final Regulations at 678.700 thru 678.755.

This policy sets forth guidance regarding the payment procedures for MWAs to receive infrastructure funding allocations identified through the Local Funding Mechanism (LFM). The LFM allocates costs based on methodologies developed by the MWAs. The negotiated and mutually agreed-upon infrastructure costs for JVSG, MSFW, MRS, and UC programs are identified in the *WIOA Infrastructure Funding Agreements PY 2020 Allocation Chart* attached to this policy (Attachment A). This funding is awarded for PY 2020, the time period of July 1, 2020 through June 30, 2021, and therefore, **must be applied toward expenditures incurred during PY 2020.**

**Policy:** Consistent with PI 20-10 and 17-12 Change 2, or any subsequent changes regarding Instructions for Executing MOUs and IFAs under the WIOA of 2014, an IFA must be executed between the local board and each of the required One-Stop partners and attached as an addendum to the MOU. Infrastructure costs should be funded through the LFM.

Required partners must contribute toward infrastructure costs based on their proportionate use of the One-Stop delivery centers and relative benefits received. Required One-Stop partners are listed at Section 121(b)(1) of the WIOA. At a minimum, IFAs must be developed and entered into with partners as described in PI 20-10 or any subsequent changes, regarding Instructions for Executing MOUs under the WIOA of 2014.

In the LFM, One-Stop partner programs may determine what funds they will use to pay for infrastructure costs. The use of these funds must be in accordance with the requirements outlined in the WIOA Final Regulations at 678.720, and with the relevant partner's authorizing statutes and regulations. The permissible types of funds used for infrastructure costs and the additional costs of operating a local One-Stop delivery system (i.e., a partner's program or administrative funds) may differ depending upon

the partner program's authorizing law and implementing regulations. The funding types and sources permissible for the One-Stop partners are outlined in Attachment II of TEGL 17-16. All amounts contributed for infrastructure costs must be allowable and based on proportionate use of the One-Stop centers and relative benefit received by the partner program and must be consistent with 2 Code of Federal Regulation, Part 200, including the federal cost principles. Cash, non-cash, and third-party in-kind contributions, as described in the WIOA Final Regulations at 678.720(c), may be provided by One-Stop partners to cover their proportionate share of the infrastructure costs.

### **Payment Procedure**

Expenditures for the WIOA funds awarded in this policy are allowable only for those activities permitted by the WIOA or the WIOA Final Regulations. To be an allowable WIOA infrastructure expenditure, a cost must meet the following reporting categories:

- Facilities Costs.
- Technology Costs.
- Common Identifier Marketing Costs.
- Other Infrastructure Costs.
- Costs Related to Board Functions.
- Costs to Promote Service Integration.
- Shared Service Costs.

**Note:** This policy sets forth a sub-recipient relationship with the MWAs to allocate federal funding towards the local area's infrastructure funding costs. For PY 2020, this policy pertains only to *cash* payments towards infrastructure costs.

### **JVSG, MRS, and UC Payments**

The JVSG, MRS, and UC funding is allocated on a Fiscal Year (FY) basis. Therefore, MWAs will receive their PY 2020 Infrastructure Funding for JVSG, MRS, and UC in two separate allotments as specified in this policy (Attachment A). The first allocation awarded for the period of July 1, 2020 through September 30, 2020, will utilize JVSG, MRS, and UC FY 2020 funding. One quarter (25 percent) of the infrastructure funding will be distributed after July 1, 2020, with the remainder of the funds (remaining 75 percent) to be distributed on or after October 1, 2020, utilizing JVSG, MRS, and UC FY 2021 funding.

The MSFW funding will be awarded after July 1, 2020, in its entirety.

### **Monetary Shortfalls for Program Funds Awarded**

Local areas shall estimate infrastructure costs prior to the program year start date. Local areas with obligations above the cost allocations identified in this policy for LEO-WD programs will be made up from existing Michigan Works! Service Center Operations. Shortfalls related to any other required partners,

including MRS and UC, must be addressed by the end of the program year with said required partner. Cost allocation *overages* of the LEO-WD programs will be subject to the recapture of funds if not obligated by June 30 of each program year.

### **Modification and Review Process**

All partner contributions, regardless of type, **must be reconciled on a regular basis (at least quarterly)**, comparing actual expenses incurred to relative benefits received to ensure each partner program is contributing its proportionate share in accordance with the terms of the IFA. The IFA must describe the periodic modification and review process to ensure equitable benefit amongst One-Stop partners. This should include a plan for reconciling actual expenses incurred to relative benefits received.

There are no specific caps on the amount or percent of overall funding a One-Stop partner may contribute to funding infrastructure costs under the LFM, except that contributions for administrative costs may not exceed the amount available for administrative costs under the authorizing statute of the partner program.

### **State Funding Mechanism (SFM)**

The state emphasizes the importance of local One-Stop partners, local boards, and Chief Elected Officials reaching consensus on infrastructure funding during local negotiations, thus avoiding the necessity of utilizing the SFM. The SFM must consider programmatic caps, which can create uncertainty for local One-Stop partners regarding how much they will be required to contribute toward infrastructure costs and the level of service they will be able to provide to their participants. Failure of an MWA to come to a consensus regarding the terms of the IFA will trigger the SFM for that local area. If such occurs, the *WIOA Infrastructure Funding Agreements PY 2020 Allocation Chart* (Attachment A) must be updated and is therefore subject to change.

### **Profit**

Please refer to the agency's Procurement Policy, PI 19-30, or any policy replacing PI 19-30, for further information regarding profit and corresponding limitations.

### **Fiscal Information**

The local area will process all cash requests through the Management of Awards to Recipients System (MARS) in accordance with the MARS Manual. The local area must have on file appropriate documentation to support each cash draw. The USDOL Employment and Training Administration requires all grantees to report all financial transactions on a full accrual basis. Accrued expenditures mean the charges incurred by the grantee during a given period requiring the provision of funds for (1) goods and other tangible property received; (2) services performed by employees, contractors, sub-grantees, subcontractors, and other payees; and (3) other amounts becoming owed under programs for which no current services or

performance is required, such as annuities, insurance claims, and other benefit amounts. In general, total accrued expenditures are costs incurred for goods and services received regardless of whether the payment has been made.

All reporting of fiscal expenditures for the funds provided in this policy must be reported to the WD on a quarterly basis. A final close-out report is also required. All quarterly financial expenditure reports are due to the WD no later than the 20th calendar day after the end of the calendar quarter. The final close-out report is due to the WD no later than 60 days after the end of the grant period. In the event that the due date falls on a weekend or state government holiday, the report is due on the last business day prior to the due date. Local areas must submit reports in the [MARS](#). If there are any questions regarding cash requests or the submission of required expenditure reports, please contact Mr. Mike LaCharite at 517-335-6051.

Quarterly expenditures will include seven cost categories as noted in this policy and are as follows: Facilities Costs, Technology Costs, Common Identifier Marketing Costs, Other Infrastructure Costs, Costs Related to Board Functions, Costs to Promote Service Integration, and Shared Service Costs.

**Action:** Local areas that have submitted fully executed IFAs with signatures from the Chief Elected Official(s), Workforce Development Board Chair, or their designees, will be accepted as complete and are an acceptable source for budget information and signature documentation. Therefore, no further action is required. A local area that has not submitted fully executed IFAs with signatures will need to submit IFAs prior to allocation release.

**Inquiries:** Questions regarding this policy should be directed to Brandon Simmer, IFA Coordinator, at [IFACommunication@michigan.gov](mailto:IFACommunication@michigan.gov).

This policy is available for downloading from the [WD website](#).

The WD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Please contact Ms. Carla Burdick by telephone at 517-241-9852 or by email at [BurdickC@michigan.gov](mailto:BurdickC@michigan.gov) for details.

The WD is funded by State and Federal funds; more details are available on the Legal Disclaimer page at [www.michigan.gov/workforce](http://www.michigan.gov/workforce).

**Expiration  
Date:**

June 30, 2021

KJ:JH:cjb

## WIOA Infrastructure Funding Agreements PY 2020 Allocation Chart

MWA Number	MWA Name	Migrant Seasonal Farm Workers (MSFW) July 1 Allocation	Jobs for Veterans State Grants (JVSG) July 1 Allocation	JVSG October 1 Allocation	Total PY20 JVSG Allocation	Michigan Rehabilitation Services (MRS) July 1 Allocation	MRS October 1 Allocation	Total PY20 MRS Allocation	Unemployment Compensation (UC) July 1 Allocation	UC October 1 Allocation	Total PY20 UC Allocation
5	Berrien/Cass/Van Buren	\$75,292	\$5,713	\$17,138	\$22,850	\$10,190	\$30,571	\$40,762	\$12,188	\$36,565	\$48,754
17	Capital Area	\$0	\$0	\$0	\$0	\$839	\$2,516	\$3,355	\$1,677	\$5,032	\$6,709
7	Detroit Employment Solutions Corp (DESC)	\$0	\$1,701	\$5,104	\$6,805	\$1,701	\$5,104	\$6,805	\$1,701	\$5,104	\$6,805
13	GST	\$7,996	\$2,691	\$8,072	\$10,762	\$4,091	\$12,274	\$16,366	\$39,967	\$119,900	\$159,867
4	Great Lakes Bay	\$0	\$1,902	\$5,707	\$7,610	\$13,115	\$39,346	\$52,461	\$17,615	\$52,845	\$70,460
19	Macomb/St Clair	\$0	\$7,163	\$21,488	\$28,650	\$9,228	\$27,683	\$36,911	\$25,851	\$77,552	\$103,402
21	Northeast	\$0	\$2,219	\$6,658	\$8,878	\$1,267	\$3,800	\$5,067	\$9,485	\$28,455	\$37,941
22	Northwest	\$33,915	\$8,716	\$26,147	\$34,863	\$2,030	\$6,089	\$8,118	\$25,867	\$77,601	\$103,468
23	Oakland County	\$0	\$6,632	\$19,896	\$26,528	\$5,822	\$17,467	\$23,290	\$15,882	\$47,646	\$63,528
2	Region 7B	\$0	\$2,388	\$7,163	\$9,550	\$4,327	\$12,980	\$17,306	\$16,947	\$50,840	\$67,786
30	SE Michigan Consortium	\$5,044	\$8,001	\$24,003	\$32,005	\$14,088	\$42,264	\$56,352	\$13,242	\$39,725	\$52,966
31	SEMCA	\$0	\$11,935	\$35,805	\$47,740	\$19,794	\$59,382	\$79,176	\$17,381	\$52,144	\$69,525
14	Southwest	\$0	\$6,808	\$20,425	\$27,233	\$5,238	\$15,713	\$20,950	\$25,866	\$77,597	\$103,462
6	UPWARD Talent Council	\$0	\$7,200	\$21,601	\$28,802	\$3,227	\$9,682	\$12,909	\$28,189	\$84,566	\$112,754
16	West Central	\$10,542	\$1,373	\$4,120	\$5,493	\$2,878	\$8,634	\$11,512	\$43,373	\$130,120	\$173,494
33	West Michigan Works!	\$20,506	\$7,551	\$22,652	\$30,203	\$20,440	\$61,321	\$81,761	\$17,420	\$52,260	\$69,680
<b>Statewide Total</b>		\$153,294	\$81,993	\$245,978	\$327,971	\$118,275	\$354,826	\$473,101	\$312,650	\$937,951	\$1,250,601